

U.S./SOUTH AFRICA

**McGOFF HURT  
BY SCANDAL REPORT**

[AN] John P. McGoff, the millionaire newspaper publisher from Williamston, Michigan, is apparently beginning to pay a price for his ten-year long relationship with senior South African officials.

The Federal Communications Commission in Washington, D.C. has withdrawn approval for the sale of a Traverse City, Michigan, television station and a nearby sister station to the Panax Corporation, which McGoff heads. Because television properties are generally profitable investments, the action could be costly for Panax.

The \$923,000 deal had already been completed. But the FCC decision—"one of the few times the commission has exercised its authority to rescind a staff action," according to *Broadcasting*—requires the seller to refund the money to McGoff's company and blocks the purchase indefinitely.

*Broadcasting*, a trade weekly, credits Andrew Schwartzman, executive director of a consumer law firm called the Media Access Project, with forcing the FCC's hand. Schwartzman tipped off the *Washington Star* to details of the Panax deal when it was first approved by the commission staff on May 31. The story grew more controversial days later, when a South African government investigating commission alleged that McGoff had received \$11.3 million in secret official funds, primarily to help with his attempt to buy the *Star* in 1974.

The Erasmus Commission, as it is known, says McGoff was advanced \$10 million for the *Star* deal through a Swiss bank and a government front corporation, Thesaurus Continental Securities Corporation. McGoff was later given another \$1.35 million through Thesaurus for purchase of a 50% share in United Press International and Television Network (UPITN),

a London-based international television news agency.

According to *Broadcasting*, ABC News has the closest ties to UPITN of any U.S. news organizations, and NBC also has an arrangement for use of its film footage.

Last month, after publication of the Erasmus report, Britain's Independent Television News bought up McGoff's share in the agency, increasing its stake from 25 to 75%. The American wire service United Press International owns the other quarter share.

Officers of both ABC and NBC told *Broadcasting* they had used virtually nothing on South Africa from UPITN and that the material received from that organization had no noticeable political slant.

McGoff himself, however, has been outspoken in South Africa's defense, and he has used his newspaper chain, located primarily in Michigan, to do the same.

At a South African-sponsored seminar for American businessmen in Houston last year, McGoff reportedly labeled Carter administration officials "gutless jackals" for their policy towards South Africa. "I'm sick of seeing our friends thrown to the wolves for the sake of appeasing the leftists and minorities at home," he said, according to a published transcript quoted earlier this month by Gannett News Service.

After weeks of silence, McGoff last week told the Associated Press: "I am not now nor ever have been an agent or front for any foreign government, including the Republic of South Africa." Nor has any government had "an interest in any media entity with which I have been associated," he said.

McGoff has refused almost all recent requests for interviews, possibly because he is under investigation by the Department of Justice, which is trying to determine whether he violated any U.S. laws by his relationship with Pretoria.

The Michigan publisher could face prosecution  
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OVER

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tion for failing to register as a foreign agent. The law requires agents to disclose their activities in quarterly reports to the Justice Department. Failure to register carries a maximum fine of \$10,000, and/or a maximum jail sentence of five years.

McGoff repaid \$5 million in 1976, Erasmus reports, because it "would destroy him politically if it became known" that he had received

the secret funding.

One year earlier, the commission states, he used \$6 million to buy the *Sacramento Union*. He paid \$7.75 million for the California paper, and then in 1977 sold half interest in it to Richard Mellon Scaife.

In 1973 McGoff "made overtures" to buy the *Detroit News*, that paper reported in a July 1 front-page splash. And in 1977 McGoff also unsuccessfully sought to gain control over a new New York City daily, *The Trib*, which was published for only two months in early 1978 (see *AFRICA NEWS*, April 13).

Karen Rothmyer, a New York journalist who has been researching this story for several months—she uncovered the *Trib* story—believes that in spite of these failures, McGoff may have personally profited from his South African relationship.

"Between 1973 and 1979," she states, drawing her data from Panax filings with the Securities and Exchange Commission, "McGoff increased his ownership in Panax from 4% to 40%." She estimates he may have spent \$2 million acquiring that controlling stake in the company. ■